
Government of the District of Columbia



Department of Consumer and Regulatory Affairs

Testimony of

Nicholas Majett
Director

***PROPOSED FISCAL YEAR 2013 BUDGET
OVERSIGHT HEARING***

Council of the District of Columbia
Committee on Public Services and Consumer Affairs
Yvette Alexander, Chair

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John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004
Room 412
12:00 P.M.

Good afternoon, Chairperson Alexander, members, and staff of the Committee on Public Services and Consumer Affairs. I am Nick Majett, Director of the Department of Consumer and Regulatory Affairs.

I'm here today to testify in support of Mayor Gray's proposed Fiscal Year 2013 budget for the agency. Having participated in the Mayor's budget development process, I recognize that his submission reinforces the District's continued growth and prosperity. The Mayor's proposed FY2013 budget also supports the delivery of enhanced services to District residents and promotes access by all, allowing those from the city's diverse neighborhoods and communities to "seize our future."

DCRA's mission is to protect the health, safety, economic interests, and quality of life of residents, businesses, and visitors in the District of Columbia. We do this by issuing business licenses and building permits; conducting inspections; enforcing building, housing, and safety codes; and regulating land use and development.

Our agency's broad scope of authority means we have a direct and daily impact on the lives and livelihood of hundreds of thousands of residents, commuters, and visitors. This makes us highly cognizant of the effect our regulations, procedures, and decisions have on businesses in the District, particularly during the current economic times.

DCRA's proposed Fiscal Year 2013 budget shows the Mayor's commitment to ensuring the continued economic vitality of the District's business and construction industries, while re-establishing important consumer protection functions.

Today's DCRA is a much improved agency from just a few years ago. But I fully realize that we still have much work to do in order to simplify our regulatory processes and make the District far friendlier to the needs of businesses and our customers.

Before I begin my testimony, I'd like to highlight some numbers that show DCRA's impact on the District's budget. Our agency brings in more than \$25 million in building permit fees, \$14 million in vacant property tax assessments, \$10 million in corporate filings fees, and \$8 million in business license fees. In total, DCRA generates \$55 million in revenue for the District (excluding the vacant property tax assessments). We understand our critical role in the District's economic development and we take that role very seriously.

A. Business Licensing

We continue to review our business license regulations in order to simplify the process for applicants. As our local economy continues to recover, we want to ensure that District businesses aren't hampered by outdated or unjustifiably burdensome regulatory requirements. Our goal is to reduce the time required to review license applications, with the aim of converting more of our license categories into same-day issuances that can be done online. I firmly believe that the less time business owners have to spend dealing with DCRA, the more time they can spend on running their business.

Rental housing businesses are the largest category of business licenses we issue. To simplify the licensing process, applicants can now submit their application online, immediately receive a temporary license, have their rental unit inspected within 45 days by a DCRA inspector, and, if they pass the inspection, receive their business license that is then valid for two years. This is a tremendous reduction of the previous licensing process which could drag on for months.

Our customers can now submit license applications in 13 different categories. And not only can customers submit their application online, they can also immediately receive their business license electronically. We are going to continue to expand our online license capabilities with the ultimate goal of making all licenses available for online submission and issuance.

To better serve the owners and managers of residential and commercial buildings with a large number of elevators that are issued safety certificates every two years, we are looking into setting up one or two days a month when a member of our licensing staff will spend the entire day accepting and processing elevator certificate renewal forms. This would greatly assist our high-volume customers without disrupting our regular customer operations.

Finally, we are looking to expand our Small Business Resource Center. The Center provides training and consultation services to customers seeking to navigate the District's regulatory world of licensing, corporate registration, and permitting. The Center is currently by appointment, which allows our staff to focus in-depth attention on the customers' needs. We will be doing far more outreach and partnering with local business development organizations in the coming months.

B. Inspections

One of our critical missions is ensuring the safety of residential buildings and rental units. We will continue to focus significant time and resources on the inspections process, outreach to housing and tenant advocates, and modernizing our inspections division. Thanks to the Mayor's support, we have been able to hire two new inspectors dedicated solely to boiler inspections and one new inspector to deal with elevator inspections. For the first time in many years, we now have three dedicated boiler inspectors and three dedicated elevator inspectors.

I'm happy to report that our proactive housing inspections program has resulted in the inspection of 1,586 rental units in 665 buildings in every ward. By proactively inspecting rental properties, we are able to identify and rectify any housing code violations before they become a danger to the health or safety of tenants. We continue to receive very positive feedback on the program from both tenant advocates and rental housing providers.

One statistic in particular is very important for me to highlight because it really shows how much an impact the proactive inspections program is having. In FY 2010, 44% of all citations issued by the Inspections Division were issued as a result of the proactive inspections program. In FY2011, that number increased to 63%. The fact that nearly two-thirds of all Inspections-related citations are issued by the proactive housing inspectors shows the program is meeting its goal: We are identifying and ordering property owners to fix minor violations before they reach the level of threatening the safety or health of tenants.

C. Building Permits

At our Permit Center, we now have five agencies that are involved in the building permit review process co-located. This is a great benefit to customers as it allows building permit applications to be reviewed almost completely on-site.

Of even greater benefit to our customers has been the full-scale launch of the Project Dox system. With Project Dox, customers can submit their building plans electronically and the plans review will be conducted entirely electronically. Instead of carrying around large bundles of paper plans, customers can submit their plans from their homes or offices and then review our plan reviewers' comments on their own computer screen. This technological innovation will be of great assistance as the District continues to enjoy a construction boom.

Because our agency plays a critical role in ensuring green and sustainable building practices, we are having all our Permit Center staff take Leadership in Energy and Environmental Design (LEED) training courses. My goal is to have a sizeable number of our inspectors and plans reviewers successfully take the LEED Green Associate exam. I am also encouraging our staff to undertake the rigorous LEED Accredited Professional training and examination. My vision is to have a green building credentialed Permit Center that will be the envy of other jurisdictions' building departments.

D. Enforcement

Our enforcement division is essential to our regulatory role. Yet we are also very mindful that we must balance our role as the regulator with our role in economic development. Although we seek to ensure that all businesses are licensed and operating according to the law, rather than immediately issue stiff fines which could bankrupt a business, we generally seek to bring businesses into voluntary compliance.

You may have heard about an enforcement sweep we conducted recently on secondhand dealers in Adams Morgan. Our investigators found that some of the businesses were operating either without any business license or with the wrong type of license. I met with some of the business owners last week to explain the need for our enforcement actions and my commitment to work with them to simplify the licensing process. I should note that none of those businesses were issued fines or ordered to shut down; our goal is to make sure businesses are complying with the law, not to close them.

I'd like to focus a bit on the enhancements to our proposed budget that truly show the Mayor's commitment to protecting the public.

Because Mayor Gray recognizes the significant harm that vacant buildings can have on the surrounding neighborhood, we will be increasing our vacant property staff in order to identify and track vacant buildings and ensure they are being taxed at the appropriate rate. In many neighborhoods throughout the District, we see the visible progress this program is making with formerly vacant or blighted buildings either now being occupied or under renovation to be put back into productive use.

Additionally, I'm very pleased that the Mayor has proposed the re-establishment of our consumer protection program after it was zeroed out in the budget several years ago. Consumer protection had been part of DCRA's core mission for many

years. By re-funding it, the agency will be able to work in close partnership with the Attorney General's Office to ensure District consumers are protected against unscrupulous and unfair trade practices.

E. Fiscal Year 2013 Budget Proposal

DCRA's proposed FY2013 budget is \$33,148,596, an increase from the FY2012 approved budget of \$26,030,884. The FY2013 budget includes authority for 279 FTEs, an increase of 12 FTEs from FY2012.

The proposed increase in the FY2013 budget is due to a \$1.1 million allocation to fund the 12 new FTEs and \$6 million to fund the nuisance abatement program and 23 building and housing inspectors. It also reflects the elimination of our capital budget and the transfer of that amount of funds to our operating budget with local funds.

Of the 12 new FTEs, four will be in our professional licensing administration, two will be in our vacant property program, two will be in budget and grant management, one will be our Permit Center green building coordinator, and one will be in rental housing license compliance.

The proposed FY2013 budget includes \$16,468,000 and 132 FTEs funded with local funds and \$16,680,000 and 147 FTEs funded with special purpose revenues. The agency does not have any FTEs paid for with capital funds.

F. Conclusion

I believe the Mayor's proposed FY2013 budget puts the agency on very solid footing and will allow us to continue to focus on increasing our operational efficiencies so as to benefit our customers.

Chairperson Alexander, thank you for providing us this opportunity to report on DCRA's proposed FY2013 budget. My staff and I are prepared to answer any questions you may have at this time.